

Terms of Reference of the Risk Committee

Dated **7 March 2019**

Phoenix Spree Deutschland Limited

Terms of Reference of the Risk Committee (the "Committee")

1 Membership

- 1.1 Members shall be appointed by the Board on the recommendation of the Nomination and Remuneration Committee or otherwise in consultation with the Chair.
- 1.2 The Committee shall be made up of at least three non-executive Directors. A majority of the Members shall be independent non-executive directors. The activities of the Committee should involve participation by the chair of the Audit Committee. At least one Member shall have experience in risk management issues and practices.
- 1.3 The chair of the Company may only be a Member provided that he/she was considered independent on appointment as chair of the Company.
- 1.4 Only Members shall have the right to attend Committee meetings. However, other individuals, such as representatives of the Property Advisor, other directors and external auditors may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Committee.
- 1.5 Membership of the Committee can be varied at any time by a majority resolution of the existing Members.
- 1.6 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the Members continue to be independent.

2 Chair

- 2.1 The Board shall appoint the Chair. The Chair has the responsibility of liaising with the Board.
- 2.2 The Company's chair shall not be the Chair.
- 2.3 The Chair shall chair the meetings of the Committee.
- 2.4 In the absence of the Chair, the remaining Members present shall elect one of themselves to chair the meetings of the Committee.

3 Secretary

- 3.1 The Company Secretary (or his/her delegate) or such other person as the Board may determine from time to time shall be the secretary of the Committee.
- 3.2 The secretary of the Committee or his/her delegate shall attend meetings of the Committee to take minutes.
- 3.3 In the absence of the secretary of the Committee, the Members present at a meeting of the Committee shall elect another person to act as the secretary for the purposes of that meeting.

4 Quorum

- 4.1 The quorum necessary for the transaction of business of the Committee shall be two Members.

4.2 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant Member shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she and/or his/her associates have a material interest.

4.3 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5 Frequency of meetings

5.1 The Committee shall meet at least three times a year and at such other times as the Chair shall require.

5.2 Any Member of the Committee or the external auditors may request a meeting if they consider that one is necessary.

5.3 Outside of the formal meeting programme, the Chair will maintain dialogue with key individuals involved in the Company's governance, including the chair of the Board, the Property Advisor, the administrator and the external auditor.

6 Attendance at meetings

6.1 Members may attend meetings of the Committee either in person or through other telephonic and/or electronic means of communication.

6.2 Should any Member wish to attend a meeting through telephonic and/or electronic communications, prior arrangements shall be made with the secretary of the Committee.

6.3 Other than Members, the Property Advisor shall normally attend meetings along with the members of the Committee.

7 Notice of meetings

7.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its Members or at the request of the Chair.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Member, and to any other person required to attend, no later than five working days prior to the date of the meeting. The agenda shall be circulated together with relevant supporting papers to Members and to other attendees as appropriate, within a reasonable time prior to the date of the meeting.

7.3 Any Member shall be entitled, by notice to the secretary of the Committee, to include other matters relevant to the functions of the Committee in the agenda of a Committee meeting.

8 Minutes of meetings

8.1 The secretary of the Committee (or his/her delegate) in attendance at the meetings of the Committee shall minute in sufficient detail all proceedings and resolutions of

all such meetings, including the names of those present and in attendance. The minutes should also include any concerns raised by any Member and/or dissenting views expressed.

8.2 Draft minutes of the Committee meetings shall be sent to all Members for their comments within a reasonable time after the meeting. Once they are approved, the secretary of the Committee shall circulate the final version of the minutes to all Members and to the Board, unless it is considered inappropriate to do so by the Chair.

8.3 Minutes of the Committee meetings shall be kept by the secretary of the Committee and shall be available for inspection by any Member or Director at any reasonable time on reasonable notice.

9 Annual general meeting

9.1 The Chair shall attend the annual general meeting of the Company and be prepared to respond to any Shareholder questions on the Committee's activities.

10 Duties

10.1 The Committee shall be responsible for performing the duties below for the Group.

10.2 The Committee shall:

10.2.1 undertake a robust assessment of the Company's emerging and principal risks and advise the Board of its findings;

10.2.2 advise the Board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies;

10.2.3 keep under review the Company's overall risk assessment processes that inform the Board's decision making, ensuring that both qualitative and quantitative metrics are used;

10.2.4 review regularly and approve the parameters used in these measures and the methodology adopted;

10.2.5 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;

10.2.6 review the Company's capability to identify and manage new risk types in conjunction with the audit committee;

10.2.7 before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance

of the Company, and taking independent external advice where appropriate and available;

10.2.8 review reports on any material breaches of risk limits and the adequacy of proposed action;

10.2.9 review the Company's arrangements for a proportionate and independent investigation of wrongdoing in financial reporting and appropriate follow up action;

10.2.10 review the Company's procedures for detecting fraud; and

10.2.11 review the Company's procedures for the prevention of bribery.

11 Narrative reporting

11.1 Where requested by the Board, the Committee shall review and provide advice on whether the content of the risk management report, as contained in the annual report, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

11.2 Where requested by the Board, the Committee shall provide a report to the Board that it has completed the assessment referred to in paragraph 10.2.1 including a description of the principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated.

12 Internal controls and risk management systems

12.1 The Committee shall review the adequacy and effectiveness of the Company's internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management. This should cover all material controls including financial, operational and compliance controls.

12.2 The Committee is also responsible for oversight and advice to the Board on the current risk exposures and future risk strategy of the Company.

13 Reporting responsibilities

13.1 The Chair shall report formally to the Board after each meeting on all matters within its duties and responsibilities.

13.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

13.3 The Committee shall produce a report of its activities and the Company's risk management and strategy to be included in the Company's annual report.

14 Other matters

14.1 The Committee shall have access to sufficient resources in order to carry out its functions and discharge its duties. In the event that the Committee determines that

it has insufficient resources, it may make a request to the Board. The Board shall convene a Board meeting as soon as reasonably practicable to consider the request.

- 14.2 All Members shall have access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
- 14.3 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new Members and on an ongoing basis for all Members.
- 14.4 In the event that the Committee or any Member requires access to independent professional advice in connection with its/his/her duties, a request may be made to the Company. All such requests shall be processed in accordance with the Company's pre-defined procedures for seeking independent professional advice at the Company's expense.
- 14.5 Every Member shall give sufficient time and attention to his/her duties as a Member. He/she shall give the Company the benefit of his skills and expertise through regular attendance and active participation.
- 14.6 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 14.7 The Committee shall give due consideration to laws and regulations relevant to the Company, in particular the Companies (Jersey) Law 1991 (as amended), the provisions of the UK Corporate Governance Code (or such other relevant corporate governance code that the Company has resolved to comply with such as the AIC Code of Corporate Governance) and the Financial Conduct Authority's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.
- 14.8 The Committee shall work and liaise as necessary with all other Board committees.

15 Authority

- 15.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any Director and all Directors are directed to co-operate with any reasonable request made by the Committee.
- 15.2 The Committee has the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.

Definitions

In these Terms of Reference, unless the context requires otherwise, the following definitions shall apply:

"**Board**" means the board of Directors of the Company

"**Chair**" means chair of the Committee from time to time

"**Company**" means Phoenix Spree Deutschland Limited

"**Company Secretary**" means the company secretary of the Company from time to time

"**Directors**" means the directors of the Company from time to time

"**Group**" means the Company and its subsidiaries from time to time

"**Member**" means a member of the Committee from time to time

"**Property Advisor**" means the property advisor to the Company from time to time

"**Shareholders**" means the shareholders of the Company